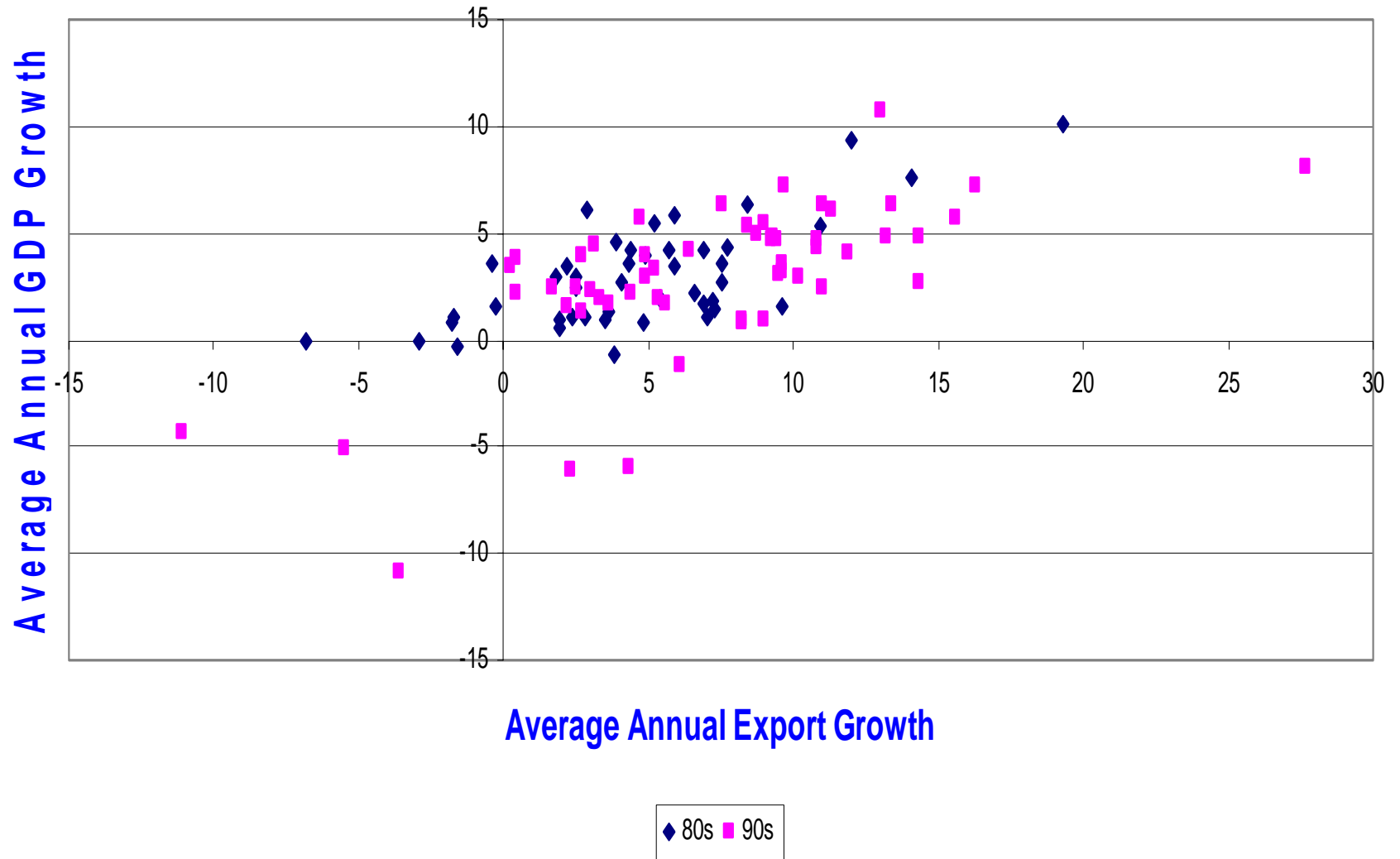


The Doha Round, Agriculture, and the Developing Countries

William R. Cline

Peterson Institute for International Economics
and Center for Global Development

Average GDP&Export Growth



Impact of global free trade on world poverty (\$2/ day definition)

- Income gains from free trade (static and dynamic effects): about 4 percent of GDP
- x Ratio of unskilled wage gains to average gains: 2
- x “Poverty elasticity” (percent reduction in number of poor for 1% income gain): 2
- = percent reduction in global number of poor people (16%, or about 500 million)

Agricultural Protection

(tariff-equivalent, percent)

Type	US	CAN	EU	JPN
Tariffs	8.8	30.4	32.6	76.4
Subsidies	10.2	16.8	10.4	3.2
Total	19.9	52.3	46.4	82.1

Applied Tariff protection, 1997-98 (%)

	Agriculture	Textiles-Ap	Oth. Manuf.
Industrial Ctrs	35.6	11.6	3.1
Developing Ctrs	30.3	18.2	11.5
Brazil	22.9	17.6	15.4
China pre-entry	29.9	27.9	15.3
India	31.5	31.6	24.6
Indonesia	19.6	19.2	11.5
Korea	50.7	7.9	6.9
South Africa	37.8	19.3	7.8
Thailand	33.3	31.7	16.7

Blueprint for a Doha Deal

- DCs: Phased deep tariff cuts or elimination, including in agriculture, textiles and apparel;
- DCs: Eliminate agricultural subsidies or fully “decouple” from production;
- Middle-income DGCs: cut protection at least 50-60 percent; longer phase-in.
- Second track: immediate free entry from LDCs, HIPC, SSA; 10-year tax holiday on FDI

Phony Subsidies = phony cuts (US levels and 05 offer, \$ billions)

	Bound	Actual	Phony	Real
AMS	19.1	14.4	5.8	8.6
Blue box	...	0	...	0
DeMinimis	...	7.1	...	7.1
total	19.1	21.5	5.8	15.7
US offer Oct 05				
AMS	7.6		5.8	1.8
Blue box	5.0		...	5.0
Deminimis	10.0		...	10.0
total	22.6		5.8	16.8